

Message Text

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PAGE 01 NEW DE 07261 030719Z

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SUBJ: INDIA'S FOREIGN EXCHANGE RESERVES

REF: NEW DELHI 5457

SUMMARY: INDIA'S FOREIGN EXCHANGE RESERVES WERE \$1,334 MILLION AT END-FEBRUARY 1975 AND ARE ESTIMATED BY EMBASSY TO BE \$1,410 MILLION AS OF MAY 2, 1975. NET BORROWING FROM THE IMF, THE FIGURE IS \$790 MILLION. END SUMMARY.

1. OFFICIAL INDIAN DATA ON RESERVES FOR THE MONTH OF FEBRUARY 1975 SHOW RESERVE BANK OF INDIA (RBI) HOLDINGS OF:

(A) FOREIGN EXCHANGE OF RS. 6.62 BILLION (\$725 MILLION BASED ON END-FEBRUARY DOLLAR-STERLING CROSS RATE IN LONDON MARKET OF RS. 7.75 EQUAL \$1.00), AND (B) GOLD OF RS. 1.83 BILLION (\$307 MILLION AS MEASURED BY THE US DOLLAR/SDR TRANSACTIONS VALUE AT END-FEBRUARY). ACCORDING TO MAY 1975 INTERNATIONAL FINANCIAL STATISTICS (IFS), INDIA'S SDRS HOLDINGS AT END-FEBRUARY WERE \$302 MILLION. TOTAL RESERVES AT END-FEBRUARY

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PAGE 02 NEW DE 07261 030719Z

THUS TOTALED \$1,334 MILLION.

2. ONLY INCOMPLETE DATA ARE AVAILABLE PAST FEBRUARY. ACCORDING TO THE RBI'S WEEKLY BALANCE SHEET, THE RBI ON MAY 2, 1975 HAD FOREIGN EXCHANGE HOLDINGS OF RS. 6.55 BILLION (\$815 MILLION BASED ON DOLLAR-STERLING CROSS RATE IN LONDON AS OF MAY 2, 1975 OF RS. 8.04 EQUAL \$1.00).

3. INDIA'S GOLD HOLDINGS AS OF MAY 2, 1975 CONTINUED TO BE LISTED BY RBI AS RS. 1.83 BILLION (\$302 MILLION AS MEASURED BY THE US DOLLAR/SDR TRANSACTIONS VALUE AT END-APRIL).

4. HOLDINGS OF SDRS WERE \$293 MILLION AT END-MARCH, ACCORDING TO IFS. ASSUMING NO CHANGE IN THE NUMBER OF SDRS HELD BY INDIA SINCE END-MARCH, THE DOLLAR VALUE OF INDIA'S SDRS HOLDINGS AS ON MAY 2, 1975 IS ASSUMED TO CONTINUE TO BE ABOUT \$293 MILLION. TOTAL RESERVES AS ON MAY 2, 1975, THEREFORE, ARE ESTIMATED BY EMBASSY AT \$1,410 MILLION. NET OF FUND CREDIT OF \$620 MILLION, RESERVES ARE \$790 MILLION.
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